

Back to basics crowd gives PM the message

by Colin James
PRIVATE enterprise and individual initiative are alive and living in the hearts and minds of the National Party grassroots.

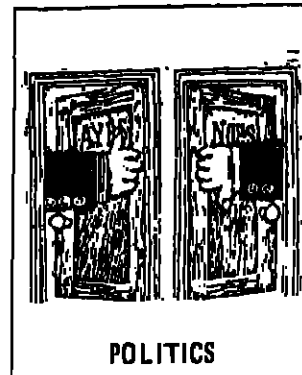
At five divisional conferences up and down the country, party activists have been giving MPs the message: "Get the Government out of our hair."

There has been a resounding assertion of party objects 7 and 8:

"To encourage the growth of private enterprise with healthy competition and to promote individual ownership. To encourage individual effort and initiative, thrift, self-reliance and efficiency."

Take the Wellington division, which in urban-rural, big town-small town make-up is representative of the party as a whole.

The division decided to "draw the attention of the parliamentary wing to certain objects of the party... more especially numbers 7, 8 and 11." Object 11 is "to ensure the greatest possible measure of



POLITICS

personal freedom and to uphold the rule of law whereby the citizen is protected from arbitrary government."

The division went on to demand "that the movement towards bureaucratic government and permissive socialism be halted."

What "permissive socialism" might be is beyond me, since it seems to be a contradiction in terms, rather like "abortive motherhood."

Whatever it might be, the Wellington delegates were in

no doubt that they were against it — and that it was being perpetrated by their Government.

Bruce Larsen, a disturbingly self-possessed Young National real estate salesman of 22 said: "The Government has reduced a once enterprising people to 'cradle-to-grave' mendicants."

Hamish Kynoch, elegant Hawke's Bay farmer: "New Zealanders want the chance to express themselves free from the restraints of central government, save those restraints which guarantee their future freedom."

Jim Howard, hapless chairman of Beetham devastated Rangitikei: "The overwhelming message by the many (National) party members, party supporters and drifting voters who voted Social Credit is that the Government is dominating the country too much."

John Schnellenberg, middle manager turned self-reliant bookseller: "I believe there is a groundswell saying, 'Leave me alone, I can cope, if I fail, I

fail, but get off my back'."

All good stuff, and I am told, echoed at the other divisional conferences. But haven't we heard it all before?

Yes. But this time there is a difference.

For one thing, this is not the rabble speaking. Three of those men are dominion councillors of the party. Secondly, this time those higher up the party pyramid are saying the same thing. "Back to basics was the theme of president George Chapman's very warmly — even affectionately — received address."

And divisional chairman Roy Johnston had this to say in his annual report: "Most party members appreciate that these primary objectives have been in front of National members of Parliament and have been consistently advocated by them. While party members commend this attention to these objectives, they would be happier if these fundamental tenets were put into practice."

There is another important difference this time. In the past, party conferences paid ritual obeisance to the principles and in the next breath called for a bit of Government spending here and a bit of Government intervention there.

This time, the Wellington division carried through its principles to the other realms. Anything smacking of Government spending or interference was slapped down.

As Schnellenberg said, a groundswell. But what about the consequences? In that hall were sitting people who, in one way or another, had their stake in the state protection racket: farm subsidies, import and other licensing, free education and so on.

This point is well understood by those who have to take the decisions.

Example: Ian McLean, the new Tararua MP who last year, in The Future for New Zealand Agriculture, urged a major shift to a more market economy, founded on the cornerstone of a flexible exchange rate adjusted to the needs of the export sector.

McLean now says that conditions are not right "at the moment" for such a shift, because a rapidly rising money supply and a faster growth in wages than prices rule out a devaluation. In the meantime, which might be three months and might be three years, he argues for a more sophisticated minimum price scheme for farmers.

McLean has discovered another difficulty since he wrote the booklet: the braking effect of 40 years of New Zealanders being "hooked on the state."

"If overnight we were to make drastic changes we would create very high unemployment, there would be extreme social stress and we would have a situation which I believe would be unacceptable to most New Zealanders," he says.

He came to this view "partly listening as a politician, to many New Zealanders and hearing from them how important protection of one kind or another is to them. I hadn't fully appreciated the level of potential disruption during the change."

One who does seem to have appreciated that is the Prime Minister, to his cost in party popularity.

So his speeches to the divisions have been of special importance. The impression I was given by Wellington delegates was that they would accept a delay in the move to a "more market" economy, if:

• It was backed by sound reasoning perhaps of the McLean sort, and

• It was against the background of a slated longer-term objective of shifting toward the "more market" economy.

As Kynoch said in a debate on a remit demanding an improvement in the Government's public relations, party members could be the most effective public relations tool — if the Government gave them the oil.

They got neither from the Prime Minister. They got a low-key anecdotal speech harking back at one point as far as 1947.

He did briefly refer to the Budget, which he said would be seen to wrap up the measures the Government has been taking into a comprehensive whole which has regard to the short-term problems and "the longer-term change of direction of the economy in the light of the changing world economy."

What that direction might be, he left to the delegates to

divine for themselves. But that at the end he did not again briefly, to the principles the party had in 1948, which he said had changed.

"After chucking off a 'democratic socialist' Labour Party, he said National was 'something much, much different'."

"That's been said through the divisional conferences and will say through the Dominion conference. That will be the message we're going to give."

I am told he also touched "restructuring" at the Teberury-Westland conference. Whether that phrase delegates there, I do not know. But he did not satisfy the Wellington delegates.

For two days — and into months before that — delegates had been talking private enterprise, individual initiative, thrift, self-reliance, freedom of the individual.

Yet from the Prime Minister, not a single word of any of those words or catchphrases. No progress. No goal. Just the bluster of vague gestures.

Why? One must presume agrees with one on what is party's principles are.

He has been made not aware of the mood in the party. And if he is always aware of the economy in the end, they want, it seems, to be more specific than to invite delegates to say and see what was in the end, and to say he thought he would not be displeased.

Instead, he has left party the rift between the party organisation and the Government, over which Chapman kept on the Minister's swing bridges.

Perhaps he sees evidence of the keen competition for offices at the divisional conferences that the party is swinging in behind him.

If so, his interpretation does not match that of Wellington and match that of the divisional conferences, who saw the competition as evidence of party activists' determination to make their point.

And a two-day live seminar for 60 or so delegates, packed potential high-fives at the division at the end of the month will keep the momentum rolling.

This seminar — to which McLean has been invited — will aim to relate to organisational tasks, which are often mental, to political decision-making processes — in other words, to show party members what they do (its law of solution of the major political and economic issues).

This sounds perfectly the sort of integration between the organisational and the parliamentary wings the Prime Minister would do without.

It is evidence also of the energy available to the party perhaps six months or a year longer — for a leader to lead.

Leadership was not the last month from the Prime Minister, who delivered a speech at the Wellington conference at the ceiling.

If it has been coming anywhere, it is from the nervous and remote, confident and relaxed Chapman, who is in the hearts and minds of the grassroots.

Will the Budget change the mood?

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Grape-growers fear fallout from spray changes

by Belinda Gillespie

VINEYARDS may lose the special protection from hormone sprays which they are afforded under current regulations.

Grape-growers, not surprisingly, strongly oppose the proposed changes.

Damage to grapes from hormone sprays was common during the 1950s and '60s, when the industry was expanding and controls were minimal.

Regulations to cover hormone dust were introduced in 1968, and were extended to include sprays in 1968.

Under the regulation aerial spraying of herbicides in aqueous solution (which have largely replaced dust and oil-based sprays) is notifiable to the Department of Agriculture between September and April, and within eight kilometres of a vineyard.

But the Agricultural Chemicals Board claims that the special protection for vineyards is obsolete and may not be justified, when compared with the needs of other sensitive crops.

A proposed amendment omits all reference to vineyards and aerial spraying. It substitutes the proposal that "no person shall at any time apply or cause to be applied any herbicide — without having regard to the sensitive neighbouring crops and the possibility of damage thereto."

The Agricultural Chemicals Board will consider submissions from 16 out of about 70 bodies who responded when circulated with the proposed changes.

Winemakers, pilots, manufacturers of herbicides and environmental groups are among those who will make submissions.

Adrian Foley, deputy for the registrar of the Agricultural Chemicals Board, said that almost all crops were affected by hormone weed-killers.

Grapes had no special sensitivity, but generally were grown close to farmland, while other crops were contained within horticultural areas, he said.

Policing and enforcing the regulations had been a difficulty, he said.

Hormone weed-killers presented special difficulties because small amounts had a big effect.

If a breach of the regulations was suspected, it was up to the Ministry of Agriculture and Fisheries to pursue the matter. Unless witnesses were on the



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spot to take samples and observe an offending aircraft's movements, it was almost impossible to establish a prima facie case.

Foley said that in the last few years, the regulations had been used in a way which was never intended — as a basis for zoning under the Town and Country Planning Act.

Regulation 15 of the Agricultural Chemicals Regulations 1968 does not prevent spraying near a vineyard, but obliges

legally, the proposed regulation appears to be as lacking in teeth as the regulation it will replace.

It may, in fact, increase zoning problems if it is interpreted under the Town and Country Planning Act to include crops other than grapes.

The widely used interpretation of enforcement, however, has caused difficulties in achieving compatible land uses within various district schemes. An anomalous situation has arisen: grapes can't be grown in a certain area, but tomatoes and lettuce — just as sensitive to hormone sprays — are permitted.

Foley admits there is a conflicting opinion on the Agricultural Chemicals Board, where diverse interests are represented.

A subcommittee was formed, which reported back to the board earlier this year with the proposed changes.

If the board can iron out its differences when submissions are heard this month, the next step will be to recommend the proposed changes to the Minister, who in turn will ask the department to rewrite the regulations.

Because the Agricultural Chemicals Bill is to be replaced by the Pesticides Bill, now before Parliament, any alterations to the regulations are likely to be delayed at least a year, until they are rewritten under the new law.

That should give plenty of time for the lobbies on either side to be heard.

Some groups whose livelihood is tied up with the manufacture and application of weedkillers want the contentious regulations to be revoked altogether.

This would mean that in the event of damage to crops through aerial spraying, the injured party's only recourse would be to claim damages through civil law. At present offenders can be prosecuted and fined but this happens rarely because of the difficulty of detection.

At the other end of the scale, are grape-growers fearful of their livelihood and environmental pressure groups. They oppose the use of weedkillers in principle and believe that revocation would be disastrous.

The regulations should be strengthened, or at least left as they are says Walkanae grower Peter Hignbotham.

Replacing eight kilometre limit on spraying without notification near vineyards with a proviso that applicants must consider all sensitive neighbouring crops may remove some of the anomalies, from the department's point of view.

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Environmentalists believe that the issue is more complicated than a matter of the wording of the regulations.

The aerial application of herbicides in itself carries high risks, and should be discouraged in favour of more accurate ground spraying.

Aerial spraying is considered relatively hit-and-miss, inevitably resulting in land-use conflict.

But official discouragement is unlikely.

The manufacturers (principally Ivon Watkins-Dow) naturally favour a method which uses much more of their product than ground spraying.

Civil aviators hold similar views.

And a Government subsidy applies to 75 per cent of the cost of agricultural chemicals, but not to labour. This encourages extravagant aerial spraying at the expense of

Automatic exemption

"In effect, it's nonsense." That was admitted by a Government official when pressed for a clarification of Number 15 of the Agricultural Chemicals Regulations, 1968.

The regulations say: (1) That no person may, between April and September, apply or cause to be applied any water-based herbicide within five miles of a vineyard, if applied by air, or within 1.6 kilometres, if applied by other means, unless he has first notified an officer of the Department of Agriculture and Fisheries.

(2) Such notification expires 28 days after acknowledgment.

(3) "Nothing in subclause (1) of this regulation shall apply to any person who is the holder of a chemical rating granted to him pursuant to the Civil Aviation Regulations 1963."

What makes the regulation a lulu is the fact that all pilots who apply chemicals from the air must have a chemical rating issued by the Ministry of Transport.

All aerial applicators (unless there are criminals, operating without chemical ratings) therefore are automatically exempt from the regulations.

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labour-intensive ground spraying.

Hard times may work in the environmentalists' favour, and economy may dictate that less spray be used.

Lloyds, the only company in the world which insures against spray damage, is reportedly considering revoking its cover in New Zealand in view of the excessively high rate of claims in New Zealand.

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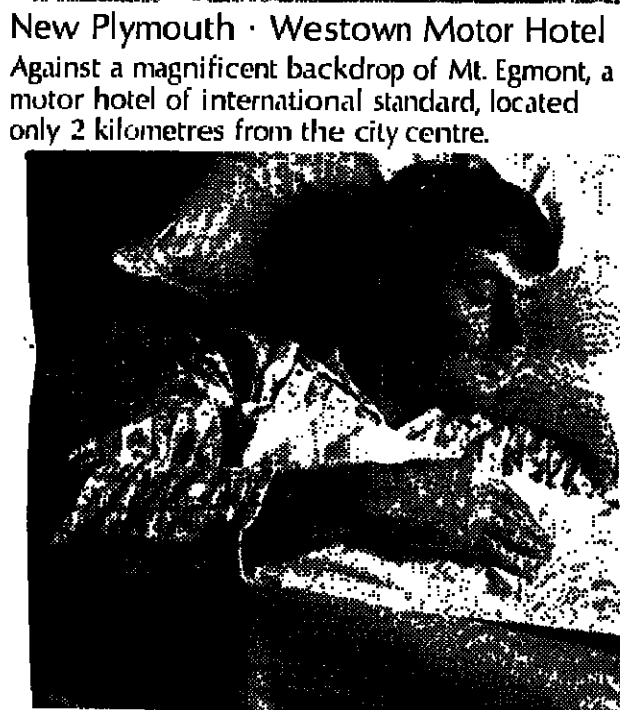
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Maori seats hamper Labour's victory chances

by Geoff Gamlin

NEW Zealand's almost unique system of separate representation for Maoris and the general population has much to answer for. The resultant chaos was evident in the Supreme Court's judgment on the Hunua electoral petition.

Many votes were disallowed because of mix-ups between the Maori and general rolls. And the judges commented that similar investigations in the Maori seats in particular would have led to the disenfranchisement of so many voters that new by-elections probably would have been required.

More important, the 1978 election result shows that separate representation distorts the electoral process to such an extent that it was primarily responsible for National obtaining the majority of seats in Parliament, and thus remaining the Government, though it polled fewer votes than Labour.

A Government committee has been set up to study the Electoral Act. But any proposals short of ending separate representation will amount to tinkering with serious electoral and constitutional problems.

The existence of only one electoral roll would reduce the possibility of large numbers of New Zealanders being disenfranchised in future elections.

It would remove serious distortions to our system of representation. For example, an integrated system of representation would have seen Labour, as the highest polling party, become the Government in 1978.

And it would transform the Maori population as a political force. Now an isolated group which is ignored or taken for granted by the political parties, Maoris would be placed in the mainstream of politics with an influence rivaling that of the farming or working class vote.

It has been suggested that an uneven distribution of Labour votes resulted in massive majorities in its strongholds at the expense of its position in some of the crucial marginal seats at the last election, and this was primarily responsible for National's victory.

This is true to the extent that the four Maori seats returned easily the largest majorities, with an average in each of more than 8000.

Considering the general electorate in isolation, no bias of a general nature against one or another party is readily noticeable. In 1978, National polled 40.7 per cent of the vote in these electorates and obtained 50 seats. Labour would have had to be substantially redrawn.

But the localised disturbances to these totals caused by the splitting of party ranks in some electorates must be taken into account. If the gap between the parties then had been closed by a further swing to Labour so that both parties had polled exactly the same number of votes, six of National's most marginal seats would have fallen to Labour.

In this event there would have been almost a parity in the number of seats held by the parties of 44 to 48, and a point of topping. The anti-Labour distortion in the electoral system therefore can be traced directly to the Maori seats. In these, Labour was wasting a highly disproportionate amount of its support relative to National in only a few seats.

Imagine that all of the farmers in New Zealand were placed on a separate roll, with seven or eight seats of their own. That would produce a sizeable anti-National bias in the overall electoral system, because National would win these relatively few seats with massive majorities, rather than have the farmer vote distributed to telling effect throughout more than 30 electorates as at present.

This distortion against Labour has not been readily noticeable till now because the 1972 and 1975 election results were not close enough to make it apparent. Before that, the number of Maori voters was much fewer and the resulting majorities for Labour were more in line with those in other electorates: in 1968, the average Maori seat majority was a little over 4000.

This distortion in the electoral system must continue to worsen to Labour's disadvantage.

In 1971, the number of Maoris eligible to vote as a proportion of the total electorate was 5.2 per cent. In 1978 it was 7 per cent. And a continuation of the largely non-Maori outward migratory trend, together with the continued rapid growth of the Maori adult population due to the high Maori birth rate in the 1960s, should see this level reach 10 per cent by 1984.

Given a continuation of present voting patterns, Labour by that time could be juggling minorities of 15,000 in the Maori seats — maybe more, if there is a higher percentage turnout of voters than now.

The outlook for Labour is therefore clear: just as separate representation cost the party the 1978 election, it will be faced with the need to poll an ever more decisive lead in votes in future elections to obtain just a bare majority of seats.

But this expansion of the Maori population would work to Labour's great advantage if there were no separate representation.

In 1978, Labour would have won with a good working majority, because of the two ways in which an integrated system would apply.

First, the boundaries of electorates would have been drawn up on the basis of total population, rather than just the general or non-Maori population.

With 70 per cent of Maoris now living in city and town areas, this would have meant that almost all of such urban areas in the North Island, where most of the present marginal seats are situated, would have had to be substantially redrawn.

Second, there is the effect of the Maori vote itself. In 1978, Labour obtained 35,583 Maori votes to National's 4697. Because such a large number of those votes would have originated from the areas with redrawn boundaries mentioned above, there is no doubt that under an integrated electoral system Labour would have been returned to power.

Further, there is a vast potential for an increased turnout of Maoris at the polls. In 1978, from a total eligible voting population of 135,000, only 46,744 cast valid votes in the Maori seats.

A sizeable number of other Maoris would have turned out in 1978, but had their votes disallowed on 1978, a total of 11,940 Maori votes were disallowed, mainly because of incorrect enrolment. And

undoubtedly there were many who voted in general electorates.

But it would be fair to say that more than half of all Maoris over the age of 18 did not cast a vote last year.

A single roll system that was efficiently compiled should drastically cut down on disallowed votes, while the much greater competition between the parties for votes in integrated general electorates should combine to substantially increase the number of valid votes cast by Maoris.

For example, a 70 per cent turnout in 1978 would have yielded a total of 85,000 votes, and in 1984 it would see 125,000.

Such large numbers of voters, together with the distribution of many of them in most of the politically marginal areas of the country, would herald a new ball game for our political system.

It is apparent that the existence of two rolls was to

blame for much of the large-scale disenfranchisement of voters because of enrolment irregularities in Hunua.

The point of the decision to use the resources of the State on census day in 1976 to enrol people was that it was believed this would achieve a much more universal and accurate enrolment than was possible when the onus was on the individual.

The failure to do this can be put down largely to the confusion of the existence of two separate rolls posed to people attempting to enrol and the massive logistics problems they posed for the electoral system. Thus, large numbers of people ended up on the wrong roll, the wrong electorate, or were not enrolled at all.

Many of these would have gone to the polls in 1978 in good faith, believing they were correctly enrolled to cast votes which would later be disallowed.

Others who became aware of their position would have encountered great difficulties in rectifying the situation — particularly if it involved a change between the Maori and general rolls.

Even when there is just a single electoral roll, as in Britain or Australia, the large-scale mobility of people and the continual intake of new electors as they fulfil age and residency qualifications presents massive problems to maintaining an accurate and up-to-date register.

But the need also to place electors into separate electoral systems, each with their own rolls, is bound to cause insurmountable problems.

A continuation of such a system in New Zealand almost certainly will mean that Government attempts to eliminate the resultant widespread voting and enrolment irregularities will centre on measures designed to more closely scrutinise the validity of votes, thus leading

to even greater disenfranchisement of electors.

This chaos in the electoral system has not developed through the deliberate design of any individual or party, but through a series of accidental mutations.

It must be recognised now, however, that the maintenance of a system which does not allow the wishes of the people to be fairly reflected in Parliamentary representation and which disenfranchises many can only be harmful.

The one sure way of resolving the greater part of this chaos is to have a single system of representation encompassing all of the people of New Zealand.

NEXT WEEK — The consequences of a single system of representation for the Maori population: a potential political influence rivaling that of the farming and working class vote.



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Inner city fad pushes up price of older homes

by Peter V O'Brien

CALLS for repeal of the property speculation tax may be ignored by the Government, but comparisons with residential property markets in other countries suggest that New Zealand is not too badly off, particularly at the top of the market in major cities.

The London Financial Times of May 26 records that "apartments" in London's Belgrave Square have reached the magic figure of \$2 million. The apartments average four bedrooms with the usual facilities, plus some extras.

Special security systems are included in the extra, with the developers handling their planning in conjunction with a firm of security specialists. Apparently you are entitled to insist on undisturbed privacy. No doubt you are also entitled to insist on freedom from kidnaps or terrorist attacks.

If \$2 million sounds an extreme case, the Financial Times had other examples of prices in the more modest range. One bedroom flats, for example, in the same general region of London can be bought at prices starting from \$170,000. It would need to be a

big bedroom for that price. While the Arabs are usually blamed for the massive escalation in residential property prices in recent years, land agents report that they are now selling London apartments to British buyers on behalf of Arab sellers. The latter seem to be moving westward to the United States in growing numbers.

The British (or rather the Scots) have a nice line in an island if anyone wants to get away from it all. After the widely publicised noise over the possible sale of Iona to potential Middle Eastern buyers, an advertisement has just appeared on behalf of the trustees of the 10th Duke of Argyll. Iona is now for sale (but probably only to an "approved" buyer). There is no indication of the expected price, but you get the island, minus the abbey and sundry ruins. Just the thing for sea-loving Kiwis if one can stand the winds sweeping in from colder northern oceans.

House prices in England seem to be roughly double the going prices in New Zealand for "average" accommodation, which means

that a dollar price here equates with a pounds price there, that is, a \$35,000 house in this country compares with a 35,000 pounds price in England. But the system of building society finance allows much higher mortgages in relation to the total value, and interest paid on the mortgage is tax deductible.

The average cost of a new house in the United States is now \$70,000, compared with \$30,000 in 1972. The disparity between this country and America is not so substantial that the average house price should be more than double. The current average mortgage rate is 9.5 per cent, a figure which is below the charge New Zealand institutional lenders now have to make in the wake of recent interest rate movements.

At the top of the market, it is still possible to spend well into seven figures for the place of your dreams in the United

States, but the income, or assets, required for that price range is certainly a dream by our standards.

The Australian situation is probably more relevant to New Zealanders, particularly as Sydney is now one of our biggest cities. House prices in Sydney have increased more than 20 per cent in the last year. Land agents quoted in the Australian Financial Review at the beginning of May gave a range of prices, from spectacular residences in "desirable" suburbs to modest dwellings in less salubrious surroundings.

The highest prices are in the harbourside and northern suburbs. One land agent described a property as "an ordinary three bedroom cottage, 60 years-old and without a view". That house

cost \$75,000 in December, 1977, and sold for \$87,500 at the end of 1978, an increase of 17.5 per cent. Down south, the price of "an average three-bedroom brick veneer house" has moved from \$60,000 to \$80,000 in a year. Incomes are higher than New Zealand's but have not increased as fast as house prices. While these prices are for properties relatively close to town, by Sydney standards (but not by New Zealand's) they result in part from the growing trend in many countries towards inner city living.

That trend is slowly being recognised in this country, with lenders now more willing to provide money for the purchase of older houses than they were a few years ago.

Rising transport costs, the problems in extending ser-

vices, and the desire to be reasonably close to work and entertainment facilities seem to be the reasons for the shift in emphasis. It is the "cheaper" to buy an old house and renovate it gradually than to become involved in high cost new construction.

The phenomenon ranges from trendy developments such as Paddington in Sydney, Parnell in Auckland, and Thorndon in Wellington, which present residents with have disdained about 150 years ago) to the purchase of older style, "ordinary" houses in suburbs with less status than the "in" places.

Those with a taste for overseas living may still be able to pick up the odd million London at less than \$2 million, provided they can fit into the surroundings.

Performance precis

by Peter V O'Brien

Consolidated Metal Industries

Net profit: \$1,405,000
EPS: 25.33 cents (50.67 per cent)
DPS: 8.5 cents (17 per cent, increase of 1 per cent)
Cover: 2.98

THE Auckland based manufacturer increased net profit by only \$12,107 over the previous year, but the continuing good dividend cover resulted in the company lifting the dividend payment, while having another one for 10 bonus issues. The previous bonus was in August, 1978, (one for 10) following a one for seven issue in November, 1977. The latest bonus is the sixth since 1971, while the dividend on higher capital has gone from 6.25 cents (12.5 per cent) to 8.5 cents (17 per cent) in the same period.

It is not surprising that the shares sold last week at 8.2 times the latest earnings, a reasonable multiple in the present market conditions. CMI has built itself a good business in, literally, the "nuts and bolts" of industry. The company's activities include the manufacture of nails, staples, paper clips, builders supplies, a range of industrial equipment, and household products. The slight profit lift this year follows a substantial rise in the provision for taxation, after removal of the stock adjustment allowance. Sales were 10 per cent higher at \$25.2 million, suggesting that many of the company's products might be seeing static, or lower, sales in volume terms, in line with the decline in the building and construction industries. Shareholders have done well in recent years, and few are likely to break their connection.

Cover: 2.05, taking spec. pref. shares as converted.

THE Farmers' produced a result in line with market forecasts, after a buoyant retail trading year. Companies benefited from the general economic stimulation after the 1978 budget, particularly the tax cuts which took effect in October. It remains to be seen whether the company can repeat the performance in the current term, when the credit squeeze will take effect, prices for a wide range of essential goods and services have risen, and discretionary disposable incomes are falling.

The Auckland based group is the country's largest retailer, and has a tradition of doing better than the rest of the sector in bad times as well as in good. At a price of around 94 cents last week, the shares were selling at 5.74 times earnings, a multiple which is calculated by treating the specified preference shares as fully converted. (That treatment gives a more accurate picture of earnings than merely removing the dividend on the specified preference shares and dividing the remainder by the number of ordinary shares on issue). The company faces a tougher year, but should still maintain its top rating in the sector.

Hauraki Enterprises

Net profit: \$511,394
EPS: 20.94 cents (83.76 per cent)
DPS: 10 cents (40 per cent)
Cover: 2.1

PRIVATE radio companies have "come right" after a period of relatively low earnings rates. Hauraki Enterprises follows Radio Avon with a substantial profit lift (88 per cent), and has more good news for the shareholders. A one for four bonus issue is recommended, as well as an increase in the dividend payment. The dividend of 10 cents a share (40 per cent, since the shares are now 25 cents units) is the highest paid by any listed company. The cover given above is based on a full year's payment of 10 cents, before taking the one for four bonus into account.

Hauraki shares are selling at about 10 times earnings, cum bonus, after last year's capital changes (a one for one bonus and a share split to 25

cents units), but that is a substantial multiple in the present market. It can be justified only if the company can perform at the level it has last two years. If it is a growing, listening audience, it is able to lift advertising sales, and therefore income revenue. At present there are conflicting reports on the audience ratings in the Greater Auckland area, but apparently those matters may be the subject of court action. Shareholders in Hauraki are having a happy time, but a multiple of 10 and a dividend yield of 5.1 per cent will make potential purchasers sit carefully at the company's profit potential.

Healing Industries

Net profit: \$1,077,000
EPS: 47.88 cents (taking spec. pref. shares as converted)
DPS: 17.5 cents (17.5 per cent, increase of 1.5 per cent)
Cover: 2.72 (taking spec. pref. shares as converted)

THE Auckland based manufacturer of bicycles, special paints, and industrial finishes lifted profit by about half, when compared with the previous year, in spite of a \$682,000 loss in 1978. Against \$171,446 in 1978, the result confirms market view that the company was a good year, following recovery of a high demand for bicycles and manufacturers' products. (For a short period in 1978, with the surge, the company had a one for 10 bonus issue). A combination of a higher dividend and the low pushed the share price to 10 for the \$1.1 million immediate form of bonus payment. The announcement, while the bonus will reduce that price, is still selling at the high price relative to the low price of recent years. The company will put further upward pressure on the share price, could bring the company to a split into 50 cents units. The share split theoretically has no effect on the company's earnings, but the greater price, but the greater availability of shares in the "low" price tends to put the form of bonus payment in a phenomenon particularly in the U.S. where a share split results in an increase in value for the

NBR SHAREMARKET SURVEY

WEEK ENDING MAY 31, 1979

1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	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TV makers reach a plateau with colour sets

by Julie Dalzell

TELEVISION manufacturers expect a 63 per cent market penetration of colour TV sets by Christmas.

Three out of five New Zealand households will then have colour TV, according to the immediate past president of the Radio and TV Manufacturers' Association, Les Fuller.

This represents a plateau period for manufacturers, with the second set and replacement set market at least two years away.

First, second or replacement set buyers who still want a humble black and white set will be lucky to find a new one in New Zealand, because manufacturers are concentrating almost entirely on colour.

Only 2000 black and white sets were produced last year. The necessarily small-run production makes it too difficult for most manufacturers to produce both black and white and colour.

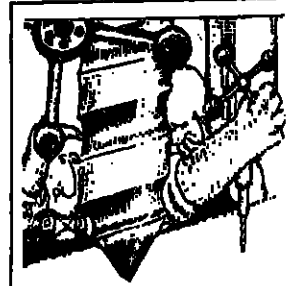
For New Zealand

manufacturers, the boom times were the heady old days of 1976, when almost 140,000 sets were produced by the six manufacturers in the field: Philips Industries, Pye, Thorn Electrical, Allied Industries, Alas-Majestic and Autocrat.

Then came a crash period. The 20 per cent sales tax was increased to 30. The hire purchase regulations requiring a 10 per cent deposit with maximum period of 30 months to pay were changed to a hefty 60 per cent and 18 months to pay. The initial period for renting was increased from 12 to 24 weeks. And manufacturers were left floundering on how to predict demands.

In 1977, sales dropped to 70 per cent of the previous year and the early part of 1978 was looking more grim.

Some hard lobbying soon produced a rescinding of the tough HP regulations; the manufacturers, led by Pye, introduced an attractive three-year guarantee on new sets; advertising was stepped up;



THE MANUFACTURERS

prices came down slightly; and the picture began to improve by April 1978.

Various other factors, such as last year's back pay putting more money in pockets for a short time, imminent Games coverage and the prospect of various rugby and cricket tours, also spurred intending buyers to put in their orders.

But the total number of sets produced in 1978 was still only 86,700.

Television buying, like much in the appliance business, is seasonal. The prospect of long,

cold winter nights tends to push buyers into action, and others down to the hire shop.

So while the prospect for winter sales is reasonably good, demand inevitably drops off in the spring, forcing manufacturers in a yo-yo market situation to be extra cautious in projections, and currently unable to meet demand.

For those consumers wavering about a colour set buy, price is a major factor.

Despite good ex-factory prices, the 30 per cent sales tax added to the 30 per cent retailers' margin makes for high prices. The lowest price set available retails around \$800 and the highest reaches nearly \$1600.

While domestically, prices are steep, manufacturers can compete favourably on the export market with a high quality product.

Pye, the major exporter, has markets in Hong Kong, Singapore and Malaysia.

The line-up of the six manufacturers has produced

no drop-outs in the six years since colour production began in 1973.

At that time, manufacturers came into the market to a high plateau of technological development with high quality tubes already available.

The subsequent six years have seen further rapid development, with simpler chassis design, fewer and better integrated components allowing for a cheaper product, and generally improved reception.

This has enabled prices to remain steady, withstanding inflation and the current state of the New Zealand dollar against the yen.

Retailers report that demand is still high for the bigger screen sets, with 22-inch and 26-inch selling predominantly, and a small market in 14-inch portables for the few second-set buyers.

It is about this time of year, anticipating winter sales, that the advertising campaigns are stepped up. But the overall approach now, compared with the hard-hitting years of 1973-

1976, is towards low-key campaigns.

Manufacturers are anxious not to further stimulate demand they cannot meet.

Philips, currently market leader, will continue with the consistently used technique first used in the launch of the K9 range in 1973 — that is, colour so natural it's almost like being there.

Other manufacturers have tended to stress technological developments, couched in technical jargon associated with the TV picture.

The approach from manufacturers this year is expected to be one that reminds consumers that they are still in the field, with a gentle push for sales.

The other market that overseas manufacturers are energetically pursuing is that of video cassette receivers for domestic use.

This seems to be a long way off in New Zealand. No import licences for componentry have yet been granted, and the video cassette machines that are imported into the country are used mainly for educational purposes.

It does seem that most everybody wants a colour television however, and if the retail market isn't as big as it might be, the black market appears to be big.

The Crime Prevention Unit of the Wellington Police Department reports the extraordinary statistic that 140 colour TV sets in New Zealand are stolen.

Most of these pass hands as per-order and often pre-ordered, with prices high and business brisk. So it goes.

Airline casts for tuna

by John Draper

QANTAS is hoping to make a big catch in New Zealand waters.

Subject to Government approval, the Australian airline will be whisking away fish worth \$2000 each to the Japanese market.

The southern blue fin tuna found in South Island waters and off the eastern coast of the North Island during winter sells for up to \$40 a kilo in Japan.

Japanese long-line boats catch around 500 tonnes a year. This is deep freeze and regarded as an inferior product to the fresh fish.

An Auckland-based company is seeking Government approval for a joint venture with a Japanese partner to catch and market the fish.

Helicopters will catch quality tuna, which weighs up to 50 kilos, from the fishing boats to Christchurch or Auckland where Qantas will pick it up for a 16 hour flight to Sydney.

If all goes to plan the fish will be on sale within 36 hours of being hauled out of the sea.

TELEPHONE
"Actually, George, the financial picture isn't too bright here at Head Office."

FOL backs call for herbicide's immediate ban

by Belinda Gillespie

WORKERS who apply 2,4,5-T and pregnant women whose children might be affected by it, are dissatisfied with the Agricultural Chemicals Board decision which permits its continued use.

FOL president Jim Knox said the other day that the FOL

supported a Labourers' Union call for an immediate ban on the use of the herbicide, pending the decision of a full public investigation.

Knox said that neither the FOL nor those most directly at risk — contractors and agricultural workers — were represented on the Agricultural Chemicals Board.

Board misrepresents experts' 2,4,5-T findings

by Belinda Gillespie

The Agricultural Chemicals Board misrepresented the findings of the six independent experts appointed by the Health Department to review the Oregon report on 2,4,5-T.

The six were appointed only to evaluate the report "to determine whether it contained grounds for the banning of the use of 2,4,5-T in New Zealand."

"The board's conclusions were that the report 'is grossly inadequate from a number of points of view.'"

These related to the scientific validity of the report — for example, the areas studied were too dissimilar for valid comparisons to be made, and statistical and logical flaws were found in it.

R J Clark, chairman of the Agricultural Chemicals Board announced on May 11: "The board accepts the advice of the Health Department and a panel of six independent experts that there is no evidence to show 2,4,5-T causes miscarriages and human birth defects."

This far exceeds claims of the department's evaluation, which did not purport to "clear" 2,4,5-T — only to shoot down the Oregon study as a basis for banning it.

It suggests that all the evidence to date had been reviewed, whereas only one study was up for evaluation.

On the basis that dioxin, the contaminant present in minute quantities in 2,4,5-T, (causes birth defects in test animals), there is a scientific possibility that it does the same in humans.

The hypothesis remains unproven one way or the other, and it is unlikely that any "scientific expert" — no matter how conservative his views on the use of herbicides — would deny it.

There has been a lack of public reaction to the decision that no further restrictions on the use of 2,4,5-T in New Zealand are necessary.

Perhaps the public had already been sufficiently softened up by well-timed press releases from the Department of Health during the period which the Oregon study, which linked 2,4,5-T spraying to miscarriages, was under consideration.

Dr Maxwell Collins, of the department, forecast that the study would be found inadequate a month before the Agricultural Chemicals Board decision was made public. And the contents of the report were leaked to the press a few days in advance.

A curious reluctance to accept responsibility for what was obviously felt to be an unpopular decision has been exhibited by both the board and the department.

The board says it must "be guided by the Health Department" in all matters relating to public health. The department sees the Agricultural Chemicals Board as taking the final responsibility for the decision, with the health input one of a number of factors in a complex risk-benefit decision.

What hasn't come across to a confused public, as the bureaucrats pass the buck is that all decisions on 2,4,5-T are open to review.

Clark's claim that there is "no evidence" to indict 2,4,5-T is belied by his final comment: "Any further pertinent data relating to the use of 2,4,5-T which became available would be carefully evaluated by the board, the Health Department and its advisers."

Scientifically, it is not possible to prove that 2,4,5-T or any other substance does not cause birth defects or miscarriages — only that the evidence so far is inconclusive.

The officials are bound to review all new evidence as it comes to light, as no scientific decision will ever be final, despite attempts to silence public concern by suggesting otherwise.

Regardless of the Oregon report's validity, he said there was no scientific unanimity on the safety of the herbicide, and there was a need for a full public enquiry.

FOL involvement stems from the dismissal of a member of the Auckland Labourers' Union for refusing to handle 2,4,5-T.

The workman had been told to use the substance near a waterway, which constituted a "dangerous use", according to the manufacturer's label.

The FOL did not involve itself in the union dispute, but is backing the Labourers' Union action on the grounds it illustrates an important question of occupational safety and health.

Under current law, drivers, agricultural workers and others whose jobs involve handling dangerous substances have no right to refuse if they are instructed to carry out procedures they believe are unsafe.

In Britain, the "Safety and Health at Work Act" allows workers more involvement in

decisions which affect their personal safety, and gives protection against dismissal or disciplinary action.

A further lack of confidence in the Agricultural Chemicals Board decision was illustrated in a NZ Truth front page story about West Coast women who had been exposed to sprayed 2,4,5-T during pregnancy.

"Can the officials assure the women of Gladstone that they will bear normal, healthy babies?" asked the report.

Although the decision to allow the continued use of 2,4,5-T has scientific logic, it is clearly inadequate to calm the fears of pregnant women and workers.

In the meantime, the commission has emphasised both to the Health Department and the Agricultural Chemicals Board "the need for a different style of decision-making in relation to this issue and urged that it would be appropriate to set up a special panel".

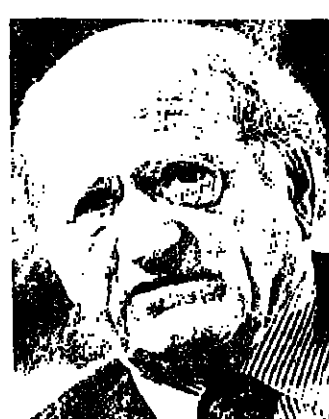
This is intended to allow independent scientists and relevant representatives from the general community to make an independent recommendation.

Commission for the Environment has proposed a toxic substances board, to be set up under the Toxic Substances Bill. This board would act where the issues were more complex than simply requiring the certainty of human health effects.

"Equally important are the relative usefulness of the product, its alternatives, whether restrictions can be adequate, and the views of the community who are at risk, that is, especially rural women and applicators," a commission spokesman said.

In the meantime, the commission has emphasised both to the Health Department and the Agricultural Chemicals Board "the need for a different style of decision-making in relation to this issue and urged that it would be appropriate to set up a special panel".

This is intended to allow independent scientists and relevant representatives from the general community to make an independent recommendation.



JIM KNOX... those directly at risk were not represented.

Among other submissions on the Pesticides and Toxic Substances Bill, the commission has called for more effective pre-market testing and scrutiny of new chemicals; clarification of industry's legal responsibilities; giving the board a clearer role in guiding New Zealand to the wise use of pesticides; and placing tighter restrictions on aerial spraying.

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Small Station Wagons	Toyota Corolla, Mazda 626	D	\$ 56.00	12.5c
Medium Manual	C.M. Sunbird	E	\$ 72.00	13.5c
Medium Auto	Galant Sigma, Toyota Corolla, Mazda 626, Ford Cortina	F	\$ 80.00	14c
Medium Station Wagon Auto	Ford Cortina 2.0L, Mazda 626	G	\$ 92.00	14c
Large Sedans	G.M. Holden Kingswood, Ford Falcon	H	\$128.00	14.5c
Large Station Wagon Auto	Holdee Kingswood, Ford Falcon	I	\$138.00	15c
Luxury Auto	Ford Fairmont	J	\$160.00	21c
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Come on in...

Government stumbles through budgeting task

Economics Correspondent

THE Public Accounts show that this Government cannot budget: total Government expenditure was nearly \$250 million more than originally budgeted in June 1978; and about \$150 million less was collected in revenue than planned.

The Public Accounts for the year ended March 31, 1979, which were released last Monday by Finance Minister Rob Muldoon, show that instead of a deficit of \$1050 million, the deficit turned out to be nearly \$400 million more at \$1448 million. At one time a deficit of \$400 million would have seemed high. But for this Government, it represents the



THE ECONOMY

If the Government can justify its high deficit as good long-term economic policy, why were they afraid to publish it in the first place? The table shows the dif-

ferential estimates were actually tabled in the House last September, the Government increased its spending appropriations by an additional \$250 million.

So in the three month period between June and September last year, the Government somehow found itself wanting to spend \$500 million more than it had allocated to individual functions in June.

Forecasting tax revenue is more difficult for the Government, since tax collections cannot be controlled by the budgetary process but depend on economic conditions. When inflation is rising, tax collections generally increase at a more rapid rate because wages usually increase as well, moving taxpayers into higher tax brackets.

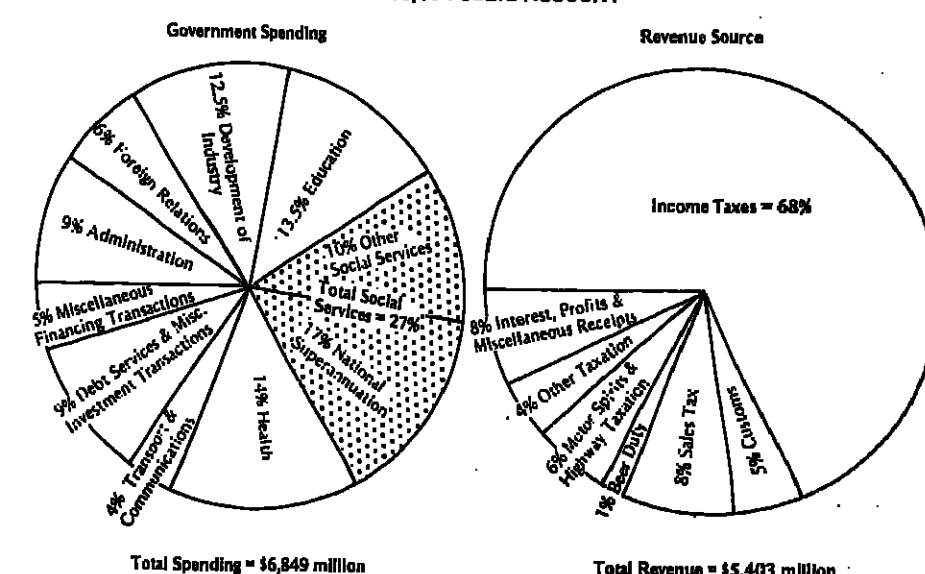
Last year, the rate of inflation slowed slightly, causing a natural slowing in the rate of growth in income tax revenue. The Government also introduced tax cuts which did not only slow the rate of increase in tax collections, but actually reduced taxes.

According to the 1979 Budget, the total effect of the Government's tax cuts was to reduce income tax revenue by \$150 million. In fact, income tax revenue was reduced by \$210 million. The Budget cost estimate of the tax cuts was 40 per cent out. If the Government, with all the resources available to it to estimate tax collections, makes errors of this magnitude, they are in no position to discredit proposals by other organisations for tax cuts because these organisations cannot estimate the true costs.

Revenue from customs and beer duty was also less than budgeted. Growth in imports fell last year, clearly at a somewhat faster rate than the Government expected. Growth in beer consumption also slowed as consumers adjusted to currently depressed economic conditions.

Despite cuts in income taxes, income tax receipts still make up 68 per cent of the Government's revenue as the graph shows. The next largest sources of revenue are sales taxes and interest, profits and miscellaneous receipts, both contributing 8 per cent to receipts last year. Motor spirits taxes and highways taxes only contribute 6 per cent to total revenue and customs duty contributes 5 per cent.

THE 1978/79 PUBLIC ACCOUNT



Total Spending = \$6,849 million

Total Revenue = \$5,403 million

SUMMARY OF THE PUBLIC ACCOUNTS
BUDGET TABLE 2 (\$m)

	Actual 1979	Budget for 1979	Difference
EXPENDITURE:			
Administration	603	617	+86
Foreign Relations	385	365	+20
Development of Industry	858	775	+83
Education	930	842	+88
Social Services	1854	1785	+69
Health	980	897	+83
Transport and Communications	279	279	—
Debt Services Misc. Investment Transactions	592	562	+30
SUB-TOTAL	6481	6022	+458
Misc. Financing Transactions	368	333	+35
Supplementary Estimates	—	250	—
TOTAL EXPENDITURE	6849	6605	+244
FINANCED FROM:			
Income Tax	3655	3865	-210
Customs	286	290	-4
Sales tax	450	406	+44
Beer Duty	59	65	-6
Highways Tax	160	151	+9
Motor Spirits Tax	154	143	+11
Other Taxation	226	217	+9
TOTAL TAXATION	4990	5137	-147
Interest, Profits, Misc. Receipts	413	418	-5
TOTAL REVENUE	5403	5555	-152
DEFICIT BEFORE BORROWING: (Revenue less Expenditure)	1446	1050	+396

difference between what they told the public would happen last June and what actually did happen.

Of course, last year was election year. If the Government had published a deficit figure of \$1448 million in the Budget, the voters might have been alarmed.

The Finance Minister said: "The larger budget deficit throughout 1978 was necessary to avoid a downturn in the economy and to provide a sustained stimulus to economic activity."

"Further, this policy had been applied consistently by the Government since October 1977."

ference between what the Government allocated for each government function in the 1978 June Budget and what was actually spent. It was least able to budget in the areas of administration, industrial development, education and health. Spending in each of these four areas turned out to be at least \$80 million more than originally planned.

Some of the difference between what was appropriated in the Budget and what was actually spent by each function was accounted as a large \$250 million allocation to supplementary appropriations. But when the

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I understand that a copy of the contract will be forwarded to me with my credit card. I agree to accept all charges incurred by me and to pay the same when billed. I agree to pay the use of my credit card and to pay the same forthwith, I accept that should my application be declined that there is no right of appeal and that the reason must be given.

DATE _____

FULL NAME _____ SURNAME _____ MARITAL STATUS _____

DATE OF BIRTH _____

PRIVATE ADDRESS _____ HOW LONG AT ADDRESS _____

DO YOU OWN YOUR HOME ☐ PURCHASING YOUR HOME ☐ ARE YOU A TENANT ☐ BOARDING ☐

PREVIOUS ADDRESS _____ HOW LONG AT ADDRESS _____

NAME OF COMPANY OR EMPLOYER _____ OCCUPATION _____ LENGTH OF SERVICE _____ ANNUAL SALARY UNDER \$10,000 ☐ \$10,000-\$15,000 ☐ \$15,000-\$20,000 ☐ \$20,000 OR OVER ☐

PREVIOUS EMPLOYER _____ OCCUPATION _____ LENGTH OF SERVICE _____

BANKERS NAME & BRANCH _____ ADDRESS FOR A/C & OTHER CORRESPONDENCE _____ ANNUAL FEE \$20.00 WILL BE CHARGED TO MY CARD UPON RECEIPT OF CARD.

HOME PHONE No. _____ SIGNATURE _____

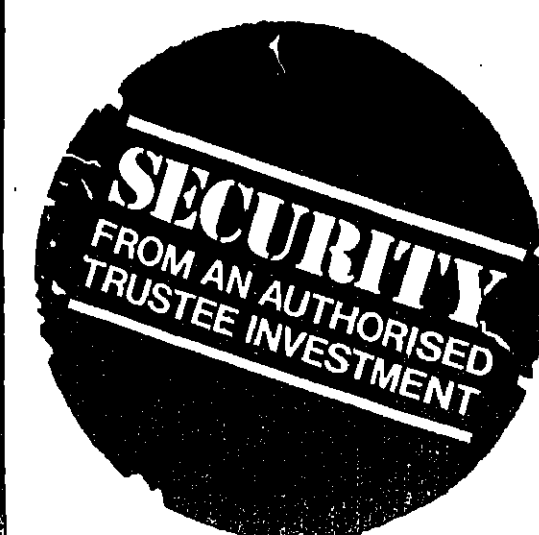
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SECURITY FROM AN AUTHORISED TRUSTEE INVESTMENT

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Rugby, racing and radio

WELLINGTON'S 22M has a stated target audience of the 15-34 age group. Its problem is: how to mount a station promotion programme that would build identification with the target audience and win listening support?

Research provided an answer. In the male component of the target audience, no less than 35 per cent were actively participating in rugby — as players, coaches or in some official capacity. Furthermore, 75 per cent of this total age group displayed interest in rugby — as players or supporters. Couple this with the fact that the Wellington representative rugby team is the current national champion and 22M had a deal.

So 22M are now official sponsors of the Wellington team. "We particularly want to encourage interest among younger people," station manager Doug Gold told Admark.

"We will be giving the team programme support, publicity will take many forms and there will be promotional activities to involve listeners."

An unofficial value of \$15,000 has been put on the sponsorship but this is likely to include the capitalised value of programme and editorial material that will be involved together with sponsorship advertising generated by 22M's sales staff.

Sponsorship floated

IF IT is the aim of every sponsor to get the maximum possible mileage out of its sponsorship, Holland's largest shipping line, the Nedlloyd of Rotterdam, should certainly realise its ambition.

The line has just announced its sponsorship of the Spice Race 1980 to be staged over a distance of 19,000 kilometres between Jakarta and Rotterdam.

The Nedlloyd Spice Race will start on March 12, 1980 and, after a stop at Cape Town, will finish at Rotterdam between mid-May and mid-June.

Held under the rules of the North Sea Club and the Royal Ocean Racing Club, it is open for monohulls of between 8.85 metres and 21.35 metres but excludes catamarans and



ADMARK

trimirans on safety grounds. Prizes will be awarded for both legs as well as final placings.

PR practitioners Neilson-McCarthy are seeking to promote interest in entries from New Zealand keel boat owners. Assistance will be forthcoming from Nedlloyd New Zealand.

All Nedlloyd offices along this traditional route will be mobilised and the large fleet will assist in maintaining radio contact with the participants.

Cricket player bowls maiden

ONE of our readers was so stimulated by an article which

appeared on this page in our issue of April 11, that he wrote his maiden letter to an editor. He is Robin St C Craze, managing director of Marlborough House Ltd which publishes "The Cricket Player", "Rugby League News" and other sporting publications.

He first takes issue with our statement about advertising agency commission: "The commission represents a fairly low selling cost."

"I take the opposite view," Craze writes, "the commission rate referred to is 20 per cent (15 per cent commission and 5 per cent prompt payment)."

"However, under this system the actual cost that media write in to take account of the advertising agency system is 25 per cent, since simple mathematics show that for an agency to take 20 per cent, media have to put on 25 per cent to their margin. The 20 per cent figure is higher than any other country that I know of (Australia 15 per cent, as is UK.)"

Unless you relate commission to population, audiences, media costs and revenues, to compare New Zealand's 20 per cent

commission with five-times-bigger Australia's 15 per cent is like comparing our wheat crop with Australia's.

And even then, the Australian commission is augmented by agency service fees which provide an effective rate of about 17.5 per cent.

Large countries enjoy economies of scale. Not a few American agencies would have revenues — that is, incomes — in excess of the total billings of all New Zealand agencies.

By the way, Argentina, Brazil, Greece, Israel and Portugal are countries where 20 per cent commission is paid.

Craze continues: "The higher commission rate also means that every 'man and his dog' can start an advertising agency if they are able to obtain just one \$100,000 account — not too difficult to do these days."

"In fact your assertion 'Media also save operating costs in dealing with a small number of agencies instead of hundreds of individual advertisers' is incorrect."

"There are in Auckland alone over 80 advertising agencies (just look in the yellow pages). Many are not accredited by national media but they get around the problem by employing accredited agencies to make their placements at a fee."

Surely that is the point. When unaccredited agencies place through accredited, media are still dealing with a limited number of agencies. Certainly not with hundreds of individual advertisers which is the reason for accreditation.

Craze again: "The answer is the scrapping of all agency commission, and that agencies be paid a fee for their work by their clients. Media prices would drop dramatically overnight and advertising agencies might look a little more closely at the complete spectrum of their work."

Here Robin Craze has hit the controversial bullseye — the perennial commission versus fees debate.

The short answer is that under the present terms of accreditation, only the commission system is permitted in this country. Nevertheless, it is not beyond the bounds of possibility that this situation could change one day.

The real-life answer is that the fee system is used in a number of countries but only in tandem with an existing commission system.

Where there is a choice, and some agencies operate both systems, the commission system still dominates.

The practice of agency accreditation can be observed only if a commission system exists.

And, finally, because space does not permit printing the

letter in full, Craze concludes: "Because of the lack of interest from agencies we are often forced to go direct to their clients. A good example was when New Zealand had their epic test cricket win over England in 1977. We sent a telegram to every advertising agency the day after the victory (a costly exercise) inviting bookings in 'The Cricket Player' for a special souvenir issue. We received one booking from agencies, but 10 times more when we clients."

Ah, well, you can't win 'em all.

National seeks clear image

TRADING banks present a similar, superficial appearance to their customers and provide almost identical services — so they have particular problems of identity.

The National Bank has embarked on an exercise to strengthen its physical identity through a new, bold and distinctive corporate symbol.

For some years now, the bank has employed a curvy style of lettering for the bank's name. But it has not proved a happy choice in such applications as building signage.

It was decided to effect a complete change and introduce a new symbol and house type. The symbol selected was the black horse used for many years by Lloyds Bank Group with which the National is associated. It is not only distinctive, the bank feels, but has a strong and traditional appearance.

The National Bank
of New Zealand Limited



For the name presentation, Plantin, a traditional book face, was selected as it relates its high legibility in any weight or size.

As buildings are modified and stationery reprinted, the new logotype will become the sole pictorial identification of the National Bank.

ADVERTISING OPPORTUNITY

To state that we are looking for a Media Manager could well put off the very person who may prove ideal for this position. The person we seek may be working in an existing agency media position, but they could also be currently involved in one of the media, market research or product management.

The successful applicant will be required to—
1. Design, execute and analyse relatively sophisticated media research.
2. Creatively combine available media facts with a knowledge of the client's marketing objectives to form detailed media recommendations
and
3. Confidently present media recommendations to clients.

Naturally, this position is a senior one, and the applicant would have to work with little or no supervision. However, training on some aspects of the job would be given where required. The client responsibilities will ensure scope and job satisfaction. The rewards will be very attractive.

Applicants should contact Geoff Kirkham at Colson Communications, P.O. Box 27043, Wellington, or telephone 843790.

Drive for public sympathy to win pay claim

by John Draper
DRIVERS are accelerating ahead in more ways than their claim for a 20 per cent rise suggests.

As the first big union in the annual wage queue, the Drivers' Federation sets the pace for the rest to follow.

This year, talks stalled on the starting grid. But not before the drivers had put

their case to the public as well as employers.

Riding on the success of last year's slick advertising campaign — showing who got how much for driving what — the federation last week passed another milestone.

Sixty delegates assembled in Wellington's Grand Hotel for a pre-conciliation conference and invited the press along to

talk to the "rank and file driver".

The case was presented and the speeches of solidarity which followed barely concealed the industrial muscle being flexed for the fight.

And to the observer, the drivers seem to have a point. As the trend-setters, they are usually left in the dust by

other unions which start off where they pull over for the year.

Inflation and the resultant rising cost of living has hit them hard.

One owner-driver from Taranaki made the point for all. A year ago he was taking home \$170 a week. Now it's only \$120.

Public sympathy and understanding is a major factor in winning pay rises, says union president Ken Douglas.

The sinking of the seaman's case in 1972 — despite tying up all ships round the coast — proves the point, he argues.

"When groceries and building materials and other supplies are not being delivered, it helps if the public understands our case," he said.

"It might not stop them putting the boot in, but it does not hurt so much if they are wearing soft shoes."

The drivers are thought to be the first union to present their case for a pay rise to the public before the employers.



KEN DOUGLAS... less pain with soft boots.

They are unlikely to be the last. Other unions toward the bottom of the pay heap may be tempted to call on the public's support for "a decent living wage".

But it seems unlikely that freezing workers, the cooks and stewards and others among the industrial elite would opt to use similar tactics.

The Best Sales and Management Training in the World is now available in New Zealand —

many large NZ organizations already benefit from it — smaller organizations should — and now can.

What other business investment will return you an immediate 4.8% (min) to 57.7% (max) increase in sales — and the investment need only be \$350! Sales increases within the above range are what you can expect — they are fully researched and authenticated, and significant to a 95% level of confidence.

XEROX LEARNING SYSTEMS 1979 Programme is now launched.

Three principle programmes are offered in this country:

Professional Selling Skills II — A 3-day programme-learning seminar beneficial to the extent validated above, for all people involved in selling — from chairman to trainee rep.

Managing For Motivation — a similar 3-day programme honing the skills of people managers at any level.

Focus/Selection/Interviewing — a 12-day seminar for managers, offering training in the specialized skills of professional interviewing and selection of staff. Equally suitable for the professional or the part-time interviewer.

Attendance at public seminars (timetable below) or arrangement of In-Company seminars is available. Material for internal training may also be purchased. A full range of complementary, supplementary and peripheral training packages are available.

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PSSII 20-22 20-22 17-19 22-24 19-21 24-26 21-23 25-27 23-25 27-29

MF 13-15 15-17 17-19 18-20 20-22

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Timken bearing quality: Optimum bearing life results from our use of special carburizing grade bearing quality steels and world wide master gauge control.

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Lawyers slam snail's pace of PO housing loans

by Rae Mazengarb

ADMINISTRATION of the Post Office housing loans scheme has been criticised by lawyers who complain of red tape and long processing delays.

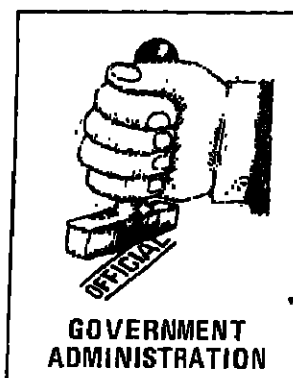
And one lawyer indicts the Post Office for introducing restrictive rules after moving into the market.

The Government had initially made the loans available to fill the second-mortgage gap. But its later requirement of a 12-month savings history with the Post Office means that some 50 per cent of first-home buyers are ineligible.

But the Post Office is satisfied that applications for second-mortgage finance under the scheme are handled in an "expedient manner".

And it points out that, at the end of February, some \$48 million was out on loan.

Lower Hutt lawyer Phil Hale maintains it is rare for a mortgage application to be processed within six to eight weeks.



Other lawyers working in the conveyancing area agree.

The Post Office, however, insists that in cases where the solicitor has supplied all the information required, average processing time is one week.

Better still, where a solicitor has drawn the Post Office's attention to a deadline date, the loan can be processed to meet such a request, an official said.

"However most applications require clarification either by the solicitor or the applicant,

and this does take time, depending on how quickly the response is received... on average the processing time for most loans takes from three to four weeks, but on occasion it could take longer," he said.

Rather than find the Post Office procedures "expedient", lawyers say they are a "hassle".

There is general agreement that if the Housing Corporation is not first mortgagee, processing time could amount to three to four weeks.

But applications involving the Housing Corporation require a valuation report. And processing then can take up to 10 weeks, lawyers claim.

The Post Office counters: "In those cases where the Housing Corporation is the first mortgagee, the Post Office loan application cannot be finalised until a valuation figure is supplied by the Housing Corporation and that can take up to three weeks".

The problem may be one of communication.

"The Post Office doesn't tell you if an application has been declined or approved", said one lawyer. Rather, lawyers are expected to ring regularly.

The Post Office contends lawyers omit to supply vital information, and hence, "to minimise the delay extensive use is made of the telephone".

On the other hand, some lawyers insist the Post Office stops processing an application without informing the solicitor that extra information is required.

Hale says lawyers must "accept there will be delays if we're dealing with a Government department".

But he asks: Can the Post Office justify the restrictive nature of the scheme?

The loans were introduced apparently with no strings attached, he said.

Some time later, the Post Office "surprisingly" changed the policy. That cut a large number of prospective lenders out of the running.

Applicants now must hold a

savings account, and must have had a savings history with the Post Office in the 12 months prior to applying — unless, as one lawyer pointed out, an applicant looked like bringing good business to the Post Office.

Then the period — on some occasions — might be reduced to as little as three months.

Second mortgage housing loans were introduced in June, 1977, for a term of one to five years.

In August that year, the scheme was extended to one to 10 years for building or buying a new home.

Previously the bank was permitted to invest up to 3 per cent of the total of depositors' funds in second and subsequent mortgages.

In July last year, the extent of lending became linked to the success of the Post Office Savings Bank.

Finance is now provided on a basis of 30 per cent of growth of deposits and hence the amount available for lending varies

from month to month.

At the time of the policy change, the then Post Master General, Peter Wilkinson, pointed out that because of the large number of applicants, the POSB personal loans board would pay more attention to the savings record of applicants.

Hale is among those who say the criteria are too stringent. But the Post Office contends its policy is simply normal prudent business practice.

"Currently loan applicants are required to undertake banking with the POSB during the currency of a loan unless a banking service is required which is not available from the POSB, that is, overall facilities or where another bank has provided the first mortgage," the spokesman said.

"In such a case the Post Office would expect a reasonable share of the customer's banking business in excess of the amount required to meet the loan commitment."

Urban routes run on topsy turvy price pattern

by Bob Stott

A BUSINESSMAN who lowered prices when costs were highest and raised them when costs fell would end in financial ruin... unless the "business" was passenger transport.

Publicly owned passenger transport, particularly of the urban variety, follows this upside-down pattern of pricing, yet survives because it has access to near-unlimited funds in the form of subsidies from taxpayers, ratepayers or users of other services which are inherently profitable.

The urban transport operator gives a discount to regular customers (fair enough in itself) but almost by definition, those regular customers all demand travel at the same time.

In other words, most holders of commuter concession tickets travel at peak times, when costs are highest. On the other hand, the casual off-peak traveller, whose travel is made at times when it should be a buyer's market, generally pays at "normal" fares... far higher than commuter concession ticket fares.

I live near the Wellington-Paekakariki line, which is double-tracked throughout most of its length. A basic hourly service operates throughout the day, requiring no three-car electric trains, each train with a crew of three.

The railway is shared by goods trains and long-distance passenger trains, but a single track suffices except at peak periods.

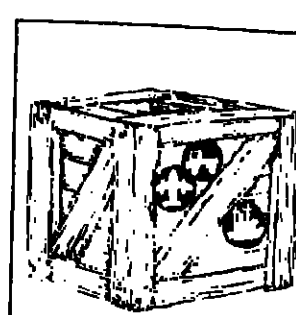
The trains arrive mostly at Wellington with near-full loads and depart well filled throughout the day. Patronage falls off the further out the trains go.

By the time Paekakariki is reached, often only a handful are on board. Even so, this basic service of two trains shuttling to and fro, needing only a single line and carrying a good proportion of "normal fare" passengers, can almost certainly be shown to be profitable.

I need not do any arithmetic, but I'm sure that if this off-peak service runs at a deficit, the loss is minimal.

While this entirely satisfactory service is running, the peak-hour service is not far behind. The dozen carriages by the dozen Wellington, earning no money, the extra track is unused and somewhere there must be staff members who could be at work if there was something for them to do.

Along comes the peak hour and trains and crews go into action. Because of the length of the run on this line (nearly



TRANSPORT

39 kilometres with 12 intermediate stops and a one way running time of about 50 minutes), most of the peak-time trains can manage only one useful trip and the same of course can be said for the crews.

Everyone has got home one way or another by the time a train has got back to Paekakariki with home-bound commuters.

The carriages go back to the sidings to await a morning run, crews who by now are probably on some sort of penal rates must be signed off or employed elsewhere, track capacity reverts to idleness, and the off-peak service resumes.

How does this fit in with the Railways pricing policy?

People travelling at the peak time, when it can be demonstrated that the cost of providing a train ride is higher than at off-peak times, mostly travel at concession rates.

This is the norm for urban public passenger transport in most parts of the world.

Furthermore, New Zealand has cheap concession tickets because governments in the past decreed that the Railways should strike such rates.

But if you ride the trains for buses) off-peak at infrequent intervals, buying individual tickets, you are in effect subsidising the peak-time commuters in that you are paying something closer to the cost of your trip, while the regular patrons are getting it on the cheap.

Some urban operators allow off-peak travellers special fares, in an effort to smooth out the peaks or to reflect the lower costs of running a service outside the rush hour. This results in off-peak travellers sharing the same sorts of benefits as peak-time travellers enjoy — the burden passes on to ratepayers or taxpayers or some other party.

The logical response — to charge peak-hour travellers an extra high fare to reflect the higher costs — is apparently never considered. It can be argued that it does not really matter which way

fares are juggled.

We could have a general fare increase and introduce a low off-peak rate at the same time, or we could increase peak-hour fares only — the effect would seem to be the same in that off-peak travellers would get cheaper rides.

The traditional approach of cheap off-peak rather than higher-priced peak travel probably leads to a state of mind which accepts peak travel and consequent higher overall costs. The alternative approach just might encourage the search for ways of levelling out the peak.

We find the "traditional" approach adopted by long-distance passenger operators as well.

Air New Zealand, with its internal services, follows the same approach. The airline does not need all its quite large fleet of expensive aircraft for most of the time. The capacity of the fleet tends to be based on the morning and evening inter-city peak travel requirement.

To keep those planes operating at other times, the

airline offers cheaper travel for students and old people.

Surprise, surprise, Air New Zealand's internal services are not profitable in a commercial sense. Maybe the annual result is in the black, but the return on investment in aircraft and so on is dismal.

If the airline was privately owned something would have to be done because shareholders could get a better rate of return from the Post Office Savings Bank.

In the year to March 31, 1978, NAC in its final year of separate operation turned in a profit of \$2.9 million. The balance sheet value of planes, spares, land and buildings and other fixed assets was \$68.5 million.

In early morning and early evening the airline has a product which is in strong demand — inter-city travel. So it charges normal fares. But the lower cost of off-peak operation is reflected in cheaper fares for selected groups.

This adds up to the passenger transport operator

probably tends to build up his capacity to meet peak demand, and the result is that the overall cost of providing a service throughout the day rises because of uneven loadings.

As peaks increase so do the chances of making worthwhile profits recede. If a service is improved, such as the introduction of jets on internal routes which made day-return trips between almost any city pair possible, so do peaks tend to rise.

The airline increases its fares to make up for the extra costs, but I wonder if this is the only choice. If passengers are offered the choice of peak travel at normal fares or off-peak travel at cheaper fares many will opt for peak travel and forgo the savings.

But if a premium was charged for peak-time travel with normal fares at other times, then there might be some shift in demand. Not so much of the carrot and a bit more of the stick — not incentive fares but

disincentive fares.

Airline executives will probably regard this as playing with words — they should know all about that — they have "first class" travel and "economy class", the latter being a fancy way of saying "second class". Only railways have "second class" travel.

Disincentive fares for air travel might get off the ground. But I imagine there would be a strong reaction from users if the same stunt was tried in the case of urban services.

Passenger transport operators tend to regard the off-peak as a time to encourage patronage... at the same time they should regard the peak time traveller as someone to be positively discouraged.

The alternative of mechanically churning out more trains, planes, buses and ships to cater for an ever-growing peak isn't producing the sorts of dividends obtainable from other service industries.

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We deliver the goods

Cous-cous opens alley in French mutton sales

by John Draper

COUS-COUS is sweeping traditional cuisine from the French dinner table. And at 17.85 francs for a meal for two, there could be rich gravy in it for New Zealand meat exporters.

The Meat Board is examining the prospects.

Cous-cous is an Arabic dish that has crossed the Mediterranean to conquer the French gastronomies in much the same way fried chicken and pizzas are revolutionising the Kiwi diet.

Sold in modern style soft envelope cans or more commonly in the traditional steel

can for around \$4.50, the quick and easy mutton-based stew is being eaten in homes and restaurants.

France happens to be the highest-priced lamb and mutton market in the world and one from which New Zealand is effectively barred.

Cous-cous might push us over the barriers.

Mutton is not an easy product to sell. Occasionally the Russians place big orders when beef prices soar. Otherwise the Japanese and Koreans are New Zealand's only regular customers, buying at rock-bottom prices when there is no competition.

The Meat Board has been looking at ways to stabilise the mutton price.

Cous-cous alone is not the answer, but a dozen mutton-based products might be.

They may also counter the increasing pressure for more processing and more value to be added to meat exports within New Zealand.

To co-ordinate work, the board has formed a three-man special projects unit to examine possible new products and markets which might not otherwise be considered by meat exporters.

Freezing companies and exporters already carry out extensive product research

which has led to chilled meat exports as well as processed cuts going to the United States and other markets.

In the past, the board's involvement with development has been ad hoc. But its objectives—to sell more product in any form that will get round the restrictions and barriers mounted by most nations—have not.

Holland and Belgium, ban imported meat cuts weighing under three kilos, supposedly because of hygiene regulations but in fact to protect their own butchers.

France allows only 3000 tonnes of frozen sheepmeat to

be imported either as carcasses or whole legs each year.

Special projects manager Jim Leach freely admits that part of his work is to find ways round the regulations.

Cous-cous, a mutton and vegetable stew eaten with semolina, should be acceptable to the French authorities.

"We won't know for certain until we put it up for customs inspection. If it's accepted we will be in. If they say all you are trying to do is to beat the regulations and then slap a 500 per cent duty on it we will be begun," he said.

Leach said the board had intention of becoming directly involved in processing, value added by the industry, private enterprise to take the opportunities created.

But the team will be doing the necessary development work, testing the recipe—in or six pages long—for commercial production—arranging a tie up with more distributors, getting Ministry of Agriculture and Fisheries approval to export the product and a host of other requirements.

Cous-cous will also need at least one joint venture between a freezing works and perhaps Waities or another enterprise willing to invest in a canning plant.

In the next 20 years, the Meat Board acknowledges there will have to be more processing of meat before it reaches its final markets.

New Zealand might not be the best place to do a Productivity weighted labour costs are higher than in Europe and there is the added disadvantage of high transport costs.

Joint ventures with countries like China are a possibility that has already been tentatively explored.

A year or two ago, the Chinese bought 600 tonnes of New Zealand mutton which was corned and then re-exported to the Middle East.

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Data processing graduates face bleak future

Melbourne Correspondent

THE increasing application of computers to Australian industry and business has

brought about a corresponding demand for computer engineers, programmers, and systems analysts. For immigrants seeking

entry to Australia in these occupational categories the opportunities are good, if they have had some years of practical experience.

Australian Reserve Bank orders trading bank merger

Melbourne Correspondent

THE Australian Reserve Bank has ordered the Bank of Adelaide to merge with a larger bank following serious losses in the property portfolio of the wholly owned subsidiary, the Finance Corporation of Australia.

This Reserve Bank directive has prompted the representatives of foreign banks in Australia to express a keen interest in acquiring the Bank of Adelaide's licence issued under the Federal Banking Act.

In Sydney recently, Peter Graham of the United Kingdom's Standard Chartered Bank Ltd, said it would be at the head of the queue for an Australian banking licence should the Australian Government relax its opposition to the admittance of foreign banks.

Both Standard Chartered and an unidentified European bank are interested in merging with the Bank of Adelaide to obtain the licence. It is considered to be an opportune time to press the issue of reciprocal rights for foreign banks in Australia.

Under the provisions of the Australian Banking Act 1959, the Reserve Bank, not with the Treasury, Section 9 of the Act states that where an application for a licence has been made, the Governor-General may grant the applicant "an authority, in writing, to carry on banking business in Australia".

Since the Governor-General would grant such a licence only upon the advice of the Treasurer, the decision in effect is a political one made by the Federal Government.

Of the 80 foreign banks presently represented in Australia only two, the Bank of New Zealand, and the Banque Paribas de Paris, have a trading bank licence under the

Act, and it is generally acknowledged that the policy of all the major Australian political parties is opposed to the granting of further trading bank licences to foreign banks.

Informed sources report that the Reserve Bank has acted in concert with major Australian banks to prevent any loss of public confidence in the Australian banking system.

The losses, however, arise directly from the activities of the subsidiary finance company, not itself subject to the controls of the Banking Act. Through the Reserve Bank directive, losses will now be absorbed, not by the finance company's creditors, but by the public shareholders of whichever Australian trading bank merges with the Bank of Adelaide.

It seems unlikely that the Australian Government would permit two trading bank licences to be held by one corporate body, so a merger with an Australian trading bank would curtail the limited competition among banks even further.

Sceptics ask whether the merging of a foreign bank with the Bank of Adelaide would in fact give it a control of the banking licence, since the provisions of the Banking Shareholders Act might be enforced so as to limit the foreign bank to a minority shareholding position.

Whatever the outcome of the licence there is a certain irony in the Reserve Bank's special provision of a \$A10 million liquidity facility to the Bank of Adelaide.

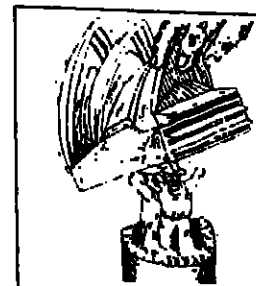
In the late 1960s and early 1970s, most Australian banks eagerly set up finance company subsidiaries outside the control of the Reserve Bank. The Bank of Adelaide's FCA, was one such, contributing 88

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THE AUSTRALIANS

three months for nothing, but graduates generally needed between 18 months and two years experience before Australian companies would give the opportunity of further experience.

Despite an enormous shortage of staff, Australian companies were generally most reluctant to train computer personnel; they were solving their staff shortage by engaging people from overseas. He said Australian computer personnel consultants were actively co-operating with their foreign counterparts, and his own agency had received about 100 foreign applications already this year.

Fears however, have already been expressed that once the transient effect of the investment allowance deadline has passed, the employment market for computer personnel in Australia will exhibit the classic hallmarks of an under supply leading to a future glut of computer staff.

The fact remains that for the present, Australian companies are looking overseas for computer engineers, programmers, and systems analysts, with at least three years of current practical experience.

However, for the experienced graduate the present employment outlook in Australia is bleak, due to the somewhat unusual circumstances now facing Australian data processing managers.

Last year the Australian Government decided to end the 40 per cent investment allowance on computers. The allowance terminates on June 30, by which date the systems must be installed and running. If the allowance is to be claimed.

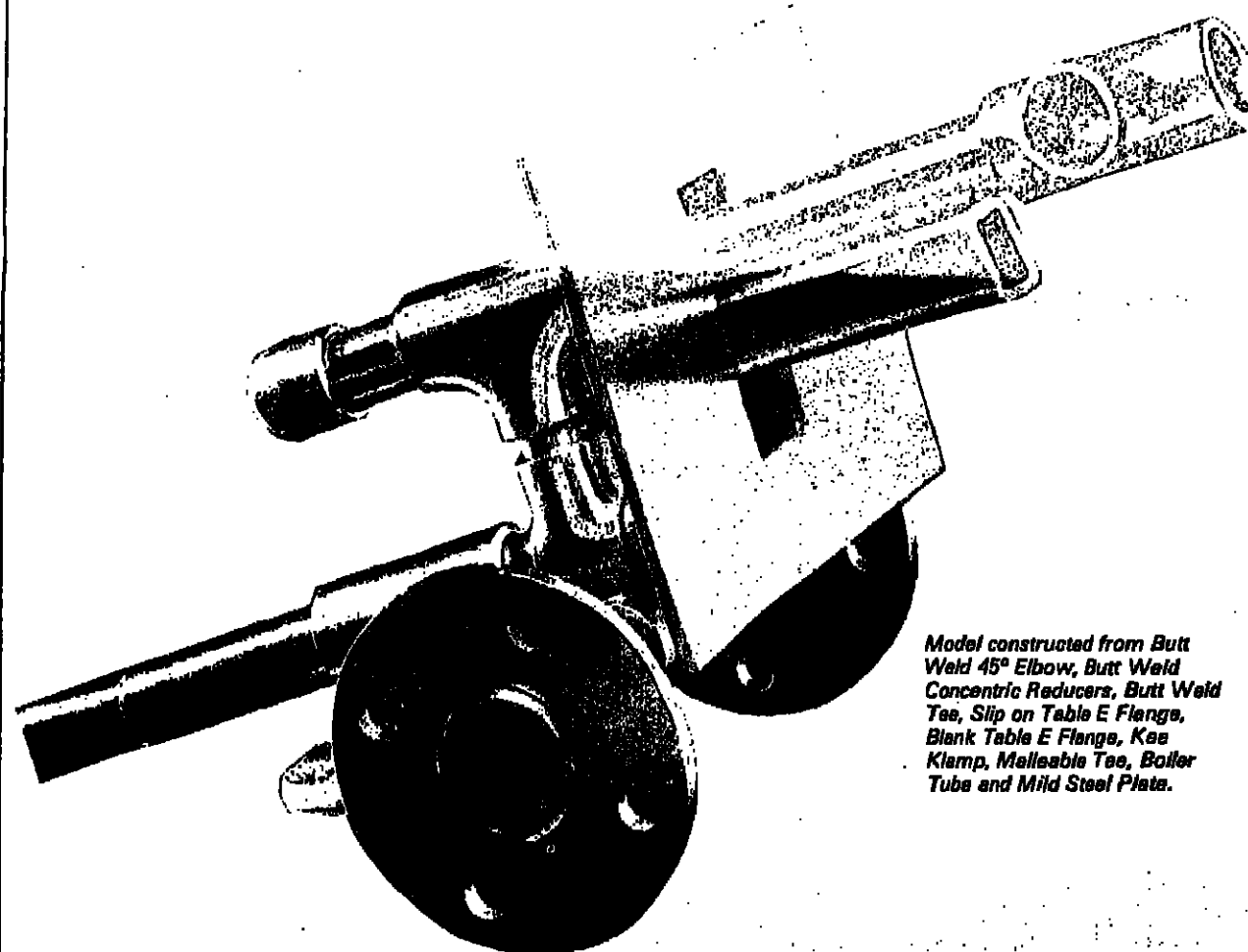
This deadline for the 40 per cent computer investment allowance immediately stimulated an unprecedented growth in computer sales. In one month alone orders worth between \$A1110 and \$A1120 million were placed, creating an acute shortage of staff to install the systems ordered.

The president of the Australian Institute of Systems Analysts said that some purchasers would find that they could not get analysts of the same calibre as those from whom the equipment had been originally ordered. He said there were already instances of companies being left with incomplete systems.

According to one Sydney computer personnel

consultant, the abrupt termination of the allowance and the sudden urgent need for experienced staff has stopped the inexperienced graduate from getting jobs in Australia. Hard pressed by their companies to have their systems installed and operating by June 30, data processing managers just cannot afford the time they once had to train computer science graduates. He said that the data processing managers were devoting all their energies to meeting the allowance deadline.

The consultant said an advertisement for a trainee at \$A18500 a year would elicit about 80 applicants with degrees in computing science. Some were offering to work for



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Boom predictions fall short on evidence

by Helen Pickford,
former editor of the
central Taranaki newspaper,
the Stratford Press

TARANAKI people are being
pressured by the Government
and Natural Gas Corporation
into accepting that the
controversial ammonia-urea
fertiliser plant at Kapuni will
mean boom times for the province.

Lands and Environment
Minister Venn Young, in
whose electorate the plant will
be sited, is emphatic that the
multi-million complex will
mean more jobs for locals and
bring other benefits.

The State is being helped in
its efforts to impose its will by
Taranaki's daily and
community newspapers,
which, if they do publish anti-
Kapuni reports, tend to bury
them in the back pages of their
publications. None of the
Taranaki press seems to have
made much effort to check or
verify the reports from
Government or the Natural
Gas Corporation, nor have
they made any attempt to do
an in-depth study of the plant
and its alleged economic
benefits.

In contrast, great
prominence has been given in
the local press to the Jasmad
report and safety of the plant
claimed by NGC officials.
To support his views,
Minister Young holds the
recently published (but
incomplete) Jasmad planning
report on the site. This says
the "benefits far outweigh the
disadvantages".

The report predicts more
work being generated for
locals and \$20 million in
savings in overseas funds —

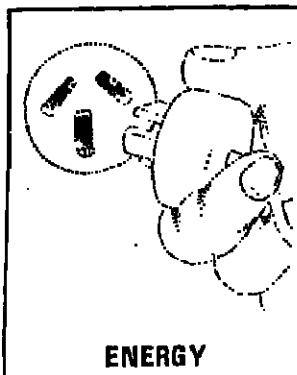


figure that has already been
shown to be suspect.

In fact, the Jasmad report
offers no evidence to back its
statements of benefits and
wealth to the province and it
puts forward quite a different
view on the matter than the
study done by an inter-
departmental committee on
the developments of a petro-
chemical industry in the
province.

Young and Energy Minister
Bill Birch say the Jasmad
report supersedes that 1976
study. However, the
Government itself saw fit to
have it printed and published
for public consumption in 1978.

The Jasmad report
describes the wealthy dairy
farming area of south
Taranaki as depressed, stating
it has suffered a population
decline with young people
leaving the area to find work.

But this is a natural effect of
increasing mechanisation of
farming, and the surrounding
towns of this wealthy farm
area have settled into stable
communities.

The Jasmad report says the
plant will provide jobs both

during and after construction
and the local people and
district will be able to absorb
the impact of any extra people
who may have to be brought
into the district.

"The district will feel the
benefits of the injection of
money into the area," says
Jasmad, "through both wages
paid and materials
purchased."

But the 1976 petro-chemical
study has different views. The
complex, it says, could involve
considerable strain and
dislocation on the social
services available in the small
communities.

"Generally, petro-chemical
plants show a pattern of high
capital intensive with
relatively low labour
requirements."

The 1976 report sees the
major impact — the increased
spending power of the people
in the district — as having
rather an adverse than
advantageous effect.

"The extra money could
force prices up," it warns,
"and force local employers
into having to offer higher
wages in order to get and
retain staff."

As to the generation of extra
work, the 1976 report says the
complex was unlikely to
produce extra work for the
service firms in the area
because of the highly technical
nature of the plant.

It is expected that during
construction, the plant will
provide work for between 200
and 400 people and take about
four years to complete.

With Kapuni as the hot
favourite for the siting of a
methanol complex as well, this
number could well swell to an
extra 1000 people in the area.



VENN YOUNG ... sticks to
Jasmad line.

But once the plants are in
operation, these numbers will
drop to an estimated 100 to run
the complex.

Private industry sources
point out that these 100 will
need to be highly skilled
technologists who probably
will have to be imported from
overseas.

"For a start, they'll need
chemical engineers," says one
man who has had extensive
experience in such complexes
overseas. "And all the other
staff will also have to be
technicians."

But Young and Birch stick to
the Jasmad line.
Birch quotes the report
almost verbatim to support
his argument.

The 1976 petro-chemical
report was only a report by
officials, not Government, says Birch.

"It provides guidelines by
officials to Government and is
used sensibly as a basis." (It
also provides more than
guidelines to the Jasmad
report which quotes the
study's findings extensively in
its report.)

Young has no doubts the
complex will benefit his
electorate. His answer to the
criticism is: "I question the
correctness of such statements
having observed the operation
of the present Kapuni plant
where most of the people
working have been drawn
from the area."

"And, just because a urea
plant is sophisticated it doesn't
necessarily imply it will
require people from
overseas."

One must look to the future,
says Young, and the expected
large increase of nitrogenous
fertiliser in New Zealand.

Certainly there will be some
subsidies at first but there will
also be savings. Young
questions figures "which are
being tossed around with
reckless abandon by
people who don't have the full
details."

Suggestions that the Huntly
power project provide a good
comparison and indication of
what may happen in Taranaki
are dismissed by Young with
the words: "Look at what has
happened at Kapuni and
Osonui ..."

So what did happen at the
small borough of Huntly which
was chosen as the site for the
present \$400 million project?
And how did it affect the
community?

Huntly, like the small towns
surrounding the proposed
Taranaki plant, was a small,
stable, rather static town
serving a rural community. In
1973, it became the centre of
the Government's \$1m power
project.

"The impact was
tremendous," says Walkato
University geography planner
W. Fookes, who is also ful-
filling co-ordinator of the
present social and economic
monitoring of the project.

"It was sudden and the
borough just didn't have the
financial capacity to cope with
it."

people were working at the site
which increased demands on
the town's existing services
such as medical care,
transport, education and
housing.

A crucial factor was the
deterioration of the Raglan
county and Huntly borough
roads and pavements.

Between 1974 and 1976,
traffic west of Huntly
increased by 57 per cent, of
which 56 per cent came from
the heavy vehicles associated
with the project.

The noise level rose with the
traffic, as did the safety
problems, all of which are the
concerns of local authorities.
Fookes points out.

"The whole role of the local
authorities changed under the
influx," says Fookes. "And it
strained the town's finances to
the limit."

He puts the main lesson
from the Huntly experience for
the Taranaki people — and any
other areas in the country
which suddenly become the
site for major projects — as
the importance of getting
money from Government to
cover the costs of extra
services which result from
extra people in the town.

"Unless Government makes
direct grants, the local
authorities' only cash flow is
from rates and National Roads
Board funds," Fookes says.
"And because of the five-
year lag in land valuation
there is a gap in what the
authorities have in cash in
hand. So a town council is
forced to borrow to gain the
necessary money to cover and
provide extra services."

In other words, without a
special Government grant, the

extra cost must be carried by
the local ratepayer.

At Huntly, the town council
suddenly had to enter the
housing business planning sub-
divisions to provide homes for
the project workers.

The relatively youthful
workforce also meant strain
on pre- and primary school
facilities with the council
having to erect a play centre.

As to any boom or bust
money benefits in the
Taranaki towns from the
Kapuni project, Fookes
considers this highly unlikely.
"At Huntly, at best, the
power project helped the town
ride out the worst of the
negative aspects of the present
economic recession. There
was certainly no boom."

Fookes emphasises that with
planning many of these
problems can be overcome.
The other major need, he says,
is for the continual monitoring
of the effects of such large
projects even after building is
finished and the plant is
operation.

"This," says Fookes, "will
ensure the people of the area
being able to cope and care
for the resulting problems of
loss of population and other
matters."

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Seismic surveys

OUR attention has been
drawn to an article (National
Business Review, May 9, 1979)
titled "Petrocorp Sure of
Success".

You are greatly in error in
your remark that very little
seismic work had been done in
the past by the "International
Domestic Exploration
Group" in Taranaki at least,
prior to the formation of
Petrocorp.

A glance at Plate X of the
report No 618C (Te Popo
Seismic Survey Interpretation
Report by NZ Aquitaine
dated August 1973) on open file
with the New Zealand
Geological Survey, shows that
at least 1200kms of line had
been drilled in the past, covering
the whole of the
Taranaki Land Area outside
the Egmont National Park.

However, although much of
the data was of variable
quality, sufficient work was
done to locate all the
main structural leads, in-
cluding the Toko prospect,
etc, as with the others, was
mapped by the Con-
cession of Shell, BP, Todd,
Graham and Radius
acquired by Petrocorp.

Modern seismic methods
will obviously improve on
the original data and
advance for this had been
planned by the Consortium
then they prepared an ap-
plication for a new prospecting
license in 1974.

It is worth pointing
out that since 1940 no less than
14 exploration wells, with a
total of 90,859 ft of hole, had
been drilled by various
companies in the Taranaki
land area, excluding another
15 wells in the general
Waikanae area — no small
effort indeed.

We trust this amplifies the
views voiced on in your
article and brings to the at-
tention of your readers the
efforts made by the industry in

exploring the Taranaki land
area.

J G Brown
Shell BP and Todd
Oil Services Limited
Wellington

Crushed ants offer solution

WE are constantly being urged
to develop our export markets.
I would like to suggest a simple
economical, efficient method
of producing formic acid.

Formic acid is made from
crushing ants. As a national
pastime, our children should
be encouraged to collect ants
from their parents' gardens
and take them to the Post
Office who could pay into their
family benefits \$1 per 1000
ants.

These ants could be sent to
Wellington where they could
be squashed down in big bags
under door mats of Govern-
ment Buildings in the city then
filtered and put into big
barrels. These barrels could be
the empty oil drums from
OEPC countries and traded for
oil by return shipment.

If you think this idea is silly
let me remind you that James
Wattie made an empire out of
squashed tomatoes.

G Coyle
Formic Acid Collector
Christchurch

Manners make men

I HAVE just read NBR May 9,
and as one who was always
brought up to believe that
"manners maketh the man", I
find it most difficult to accept
the modern journalistic
tendency (which is not
confined to your publication)
of referring to people in the
news by their surname.

As one who is a regular
reader of your fine journal, I
am interested to know why it is
no longer fashionable to give
people the respect they are
due.

Committee misinforms

BOB EDLIN has raised an
important issue when he
suggests that the Abortion
Supervisory Committee is
making decisions on the
grounds of "policy" rather
than fulfilling its function
which is to administer the law.

My experience with SOS
Auckland since we started in
December 1977 clearly shows
that the general public is being
misinformed by the com-
mittee.

If the law is working, why
did over 4000 New Zealand
women cross the Tamar in
1978? At a conservative
estimate of \$500 per head this
involves a sum of \$2 million.
An Australian abortion costs
about \$120 which means a
drain on overseas expenditure
of \$400,000 — no mean sum.

The New Zealand Govern-
ment, which passed the
repressive C S & A Bill,
collects \$32 per head in travel
tax and \$2 airport departure
tax, and the Australian
Government garners \$10 per
person in airport departure
tax. Work it out for your-
selves!

In the last 18 months SOS
Auckland alone has sent over
2200 women to Australian
clinics — one in four of whom
come from out of Auckland
areas where the present legal
medical system is not
available to them.

The supervisory committee
in its attack on present cer-
tifying consultants (which has
resulted in the resignation of
some in the Wellington area),
and on medical superin-
tendents and hospital boards,
omits reference to poorly
served areas in New Zealand
— namely, the Wairarapa,
New Plymouth, Palmerston
North, Whakatane, Gisborne,
Tauranga, Whangarei (ie,
Auckland SOS catchment
area). Refer to April issue of
"Broadsheet" for the attitudes
of certifying consultants
throughout New Zealand.

Thousands of dollars of
public money (one estimate
last year was half a million)
have been poured into Epsom
Day Hospital, Auckland,
where staff sat idle for months
because of the lack of cer-
tifying consultants and
operating doctors. At present
they offer 10 appointments per
week where the demand is
closer to 30. Of seven recently
appointed doctors, only one is

operating.
Thousands of dollars have
also been spent to pay the costs
of the supervisory committee
which appears to be more
concerned with social attitudes
than the law it was appointed
to supervise.

As a feminist involved with
setting up SOS which is
principally concerned with
women caught in the male-
dominated struggle between
politicians who make the law,
the medical profession who
attempt to interpret the law,
and some religious groups who
try to impose their morality on
women, I find it quite bizarre
that the Abortion Supervisory
Committee asks me for the
number of women who go to
Sydney because they are
unable to obtain an abortion in
New Zealand. It was also
amusing to be asked by
another Government depart-
ment to comment on the
proposed training programme
for abortion counsellors.
Whatever did become of that
scheme, by the way?

It would appear SOS has
become respectable — but
hopefully not part of the
establishment.

Megan Grant,
Sisters Overseas Service
Collective.

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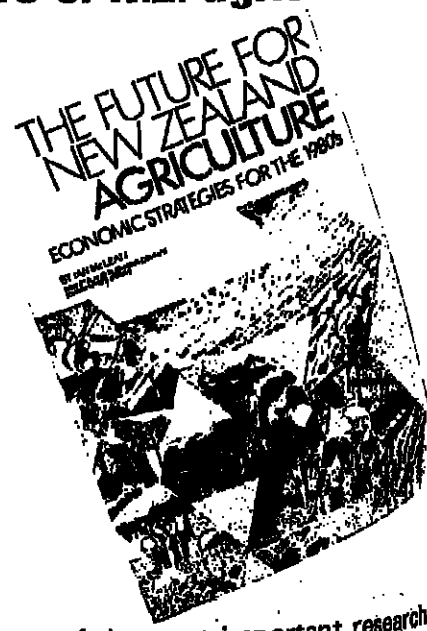
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